

Short on Light, Long on Lumentum

- Lumentum expects to supply only 30% of 2027 laser demand
- Pricing power lifts FY28E/29E net profit by 9.4%/19.7%
- Maintain BUY; raise TP LITE to USD1,303.3/LITE80 to THB4.37

Light Is Inevitable

As GPUs exchange ever more data, copper is hitting its limit: the faster the signal, the shorter it can travel, and the more power it wastes as heat. Once scale-up domains grow beyond a single rack, we believe light becomes unavoidable, **not merely an option**, and since every optical link starts with a laser, demand for Lumentum's lasers should rise with every GPU generation.

Supply Covers Only 30% of Demand

On 24-Sep at Optica's Global Photonics Economic Forum, Lumentum's CEO, Michael Hurlston, said the company expects to under-ship 2027 laser demand by 70%. That is far worse than the roughly 30% EML shortfall the company cited earlier this year, as **demand is broadening** on two fronts. First, the industry is entering the Co-Packaged Optics (CPO) era in 2027, and each design needs ultra-high-power (UHP) lasers, where Lumentum leads the field. Second, demand is coming from beyond NVIDIA: its needs were already known, but what surprised the company was "the rest of the market coming on equally strong." He does not expect supply and demand to balance before CY2029-30.

More Fabs, a Wider Gap

The gap is widening even as Lumentum adds capacity. It runs four InP wafer fabs (Sagamihara and Takao in Japan, Caswell in the UK and San Jose, California) and has lifted EML output 8x+ since FY23. A fifth fab in Greensboro starts producing on 6-inch wafers in early 2028, sized for over USD5b of annual revenue. Yet demand is growing faster.

Choosing Customers Means Pricing Power

Lumentum now has to decide which customers to supply. As its CY26-27 output is largely booked and priced in backlog, we expect it to lift average selling prices from CY28, as new contracts reprice and new capacity comes online, much as NVIDIA did with GPUs and Micron and SK Hynix did with HBM. We therefore leave FY27E unchanged and raise our FY28E/29E revenue forecasts by 3.8%/8.1% to USD9.9b/12.4b and operating margin to 33.3%/36.4% (from 31.6%/32.9%). As a result, we raise our FY28E/29E net profit forecasts by 9.4%/19.7% to USD2.75b/3.76b. With pricing power now adding to volume growth, this turns our view into the bull case.

Maintain BUY; TP raised to THB4.37 at USDTHB 33.50

We maintain BUY and raise our LITE80 (DR) TP to THB4.37 from THB3.60, based on a LITE target of USD1,303 (from USD1,080). LITE fell 5.6% on 8-Oct as AI stocks sold off on a report that OpenAI's annualised revenue was about USD50b, below the USD70b previously cited. CNBC later reported the gap reflects a change in how revenue is counted, not weaker demand. With our AI demand view intact and lasers still short, we see the dip as a buying opportunity.

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BUY

Target Price 12M (THB)	4.37
VS. BB Consensus TP (%)	+13.2%
Share Price (THB)	3.52
Upside/Downside	+24.0%
Conversion Ratio (DR : Underlying)	10,000 : 1

Underlying Share Data

Company Name	LUMENTUM HOLDINGS INC.
Market Cap (USD m)	94,990
Free Float (%)	97.46
Issued Shares (m shares)	89.70

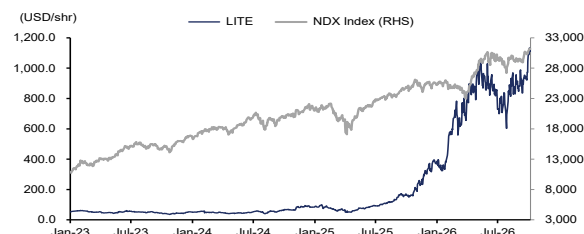
Financial forecast – Underlying share

Year ending June	FY26A	FY27E	FY28E	FY29E
Revenue (USD m)	3,014	6,131	9,919	12,398
Net profit (USD m)	(6,935)	1,517	2,752	3,755
Core net profit (USD m)	741	1,517	2,752	3,755
vs Consensus (%)		(18.4)	(13.6)	(19.2)
Net profit growth (%)	(26,876)	121.9	81.4	36.5
Core net profit growth (%)	2,760	104.8	81.4	36.5
EPS (USD/share)	-92.96	20.07	35.46	47.18
Core EPS (USD/share)	9.93	20.07	35.46	47.18
Chg in core EPS (%)		0.0	9.4	19.7
DPS (USD/share)	0.00	0.00	0.00	0.00
P/E (x)	(1.0)	52.3	29.6	22.2
P/BV (x)	1.5	13.0	9.2	6.7
Dividend yield (%)	0.00	0.00	0.00	0.00
ROE (%)	(240.0)	28.1	36.5	34.8

Source: Financial Statement and Globlex securities

DR Share Price Performance (%)

	1M	3M	6M	YTD
Stock	26.21	40.77	40.77	40.77
Market	n/a	n/a	n/a	n/a
12M High/Low (THB)				3.82 / 2.02



Major Shareholders (%) as of 21 September 2026

Vanguard Group Inc	11.16
Blackrock Inc	10.23
JPMorgan Chase & Co	4.53

Company Profile

Lumentum Holdings Inc. manufactures and sells optical and photonic products in the Americas, the Asia-Pacific, Europe, the Middle East, and Africa. It offers component products, including semiconductor laser chips, laser sub-assemblies, line subsystems, and wavelength management systems. The company also offers system products, such as optical modules, optical circuit switches, and industrial lasers, including short-pulse solid-state lasers and kilowatt-class fiber lasers. Its products and solutions are used in cloud, artificial intelligence and machine learning (AI/ML), telecommunications, consumer, and industrial end-market applications. The company was incorporated in 2015 and is headquartered in San Jose, California.

Source: Yahoo Finance

Exhibit 1: Lumentum's CEO in Global Photonics Economic Forum



Sources: [Optica](#)

Exhibit 2: Lumentum's InP laser fabs

Fab	Status	Products	Timing	Capacity (disclosed)
Sagamihara, Japan	Operating; "fully allocated"	EML, CW	Line of sight from 2026	Not disclosed
Takao, Japan	Operating	EML, CW	From 2026	Not disclosed
Caswell, UK	Operating; previously under-utilised	Existing lasers; adding UHP	UHP ramp from 2Q CY27 ("late summer 2027" first shipments), continuing through 2028	Not disclosed
San Jose, California	Operating	UHP lasers (initial supply)	Ramping now, line of sight through 2027	Existing capacity can support "multi-hundred million" dollars of UHP revenue in CY27
Greensboro, North Carolina	Being converted from GaAs to InP	CW and UHP lasers on 6-inch wafers	Acquired 17-Mar-26. First revenue early 2028 (Q4 FY26 call). Citi (Sep-26) puts the ramp at 2Q/mid-2028. Full run rate end-2028 into 2029	>USD5b annual revenue capacity

Sources: LITE; Globlex research

Exhibit 3: Standard laser vs Ultra-high-power laser (UHP)

	Standard laser (EML / standard CW)	Ultra-high-power (UHP) laser
Power output	~70 milliwatts	Up to ~400 milliwatts (5x+ standard)
Used in	Pluggable transceivers (Scale-Out)	CPO (switch ASICs in Scale-Out, then GPUs in Scale-Up), NPO and ELS
Where the laser sits	Inside the pluggable module, at the rack edge	Located on the board or external module at the rack edge (External Laser Source, the industry's preferred design)
Why the power differs	Only has to reach the transceiver's own modulator	Further from the chip = more optical loss to overcome
Manufacturing yield	Higher — smaller die, mature high-volume process	Lower — bigger die needed, fewer per wafer, more defect exposure
Hardest specs to hold	RIN, linewidth, freedom from mode-hopping — present, but easier to hold at lower power	Same three specs, but harder to hold simultaneously as power rises
Competitive field	Lumentum, Broadcom (at 200G), plus Chinese suppliers at the standard tier	Essentially two credible suppliers, Lumentum and Coherent — and Coherent reportedly still lags on yield

Sources: LITE; Globlex research

Exhibit 4: Key changes in forecasts

USD m	Current			Previous			Change (%)		
	FY2027E	FY2028E	FY2029E	FY2027E	FY2028E	FY2029E	FY2027E	FY2028E	FY2029E
Revenue	6,131	9,919	12,398	6,131	9,558	11,469	0.0	3.8	8.1
Gross profit	2,997	5,028	6,441	2,997	4,744	5,719	0.0	6.0	12.6
Operating profit	1,832	3,308	4,509	1,832	3,024	3,770	0.0	9.4	19.6
Net profit	1,517	2,752	3,755	1,517	2,515	3,138	0.0	9.4	19.7
EPS (USD/share)	20.07	35.46	47.18	20.07	32.41	39.42	0.0	9.4	19.7

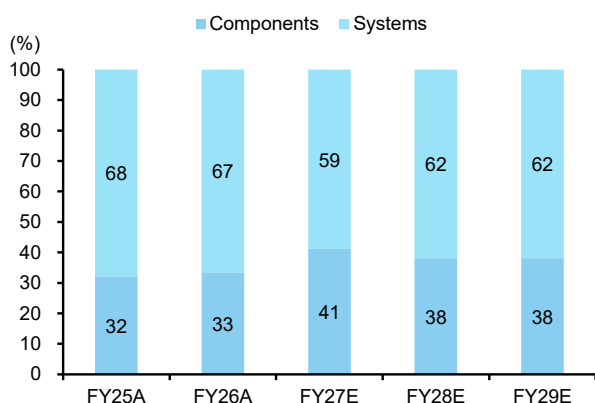
Sources: LITE; Globlex research

Exhibit 5: Lumentum's backlog (As of 17-MAR-26)

Product Area	Segment	Backlog
Laser chips (EML, CW)	Components	>2 years
Ultra high-power laser (UHP)	Components	Multi-year
Cloud transceivers (Cloudlight)	Systems	>1 year
DCI/Telecom (pump laser)	Components, Systems	>1 year
Optical Circuit Switching (OCS)	Systems	Multi-year

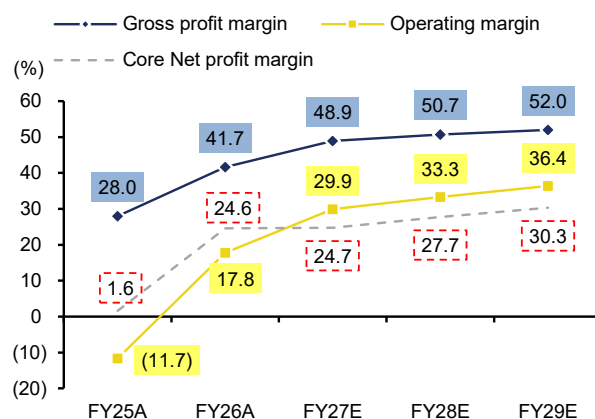
Sources: LITE

Exhibit 6: Revenue by segments (%)



Sources: LITE; Globlex research

Exhibit 7: GPM, Operating margin and Core NPM



Sources: LITE; Globlex research

Exhibit 8: PEG-based valuation sensitivity (anchor: Blended 2027E-28E EPS USD23.9, USDTHB 33.50)

PEG	Unit	0.5x	0.6x	0.7x	0.8x	0.9x	1x	1.1x
LITE	(USD/share)	814.6	977.5	1140.4	1303.3	1466.2	1629.2	1792.1
LITE80 (DR)	(THB/share)	2.73	3.27	3.82	4.37	4.91	5.46	6.00
Implied PE	(x)	34	41	48	54	61	68	75
Upside/(Downside)	%	-22.5%	-7.0%	8.5%	24.0%	39.5%	55.0%	70.6%

Sources: Globlex research

Balance sheet (USD m)					
Year ending June	FY25A	FY26A	FY27E	FY28E	FY29E
Current assets					
Cash & ST investment	521	2,044	2,118	3,252	5,599
Account receivable	250	520	1,058	1,712	2,140
Inventories	470	692	1,233	1,924	2,343
Others	477	907	1,160	1,462	1,675
Non-current assets					
Net fixed assets	754	1,188	1,517	2,071	2,743
Others	1,747	1,957	1,966	1,975	1,984
Total Assets	4,219	7,308	9,052	12,397	16,486
Current liabilities					
Account payable	225	567	655	1,022	1,245
ST borrowing	22	1,610	1,449	1,304	1,174
Others	146	303	616	996	1,245
Long-term liabilities					
Long-term debts	2,586	61	49	39	31
Others	105	122	122	122	122
Total liabilities	3,084	2,664	2,891	3,484	3,817
Paid-up capital	0	0	0	0	0
Retained earnings	(861)	(7,796)	(6,279)	(3,527)	228
Others	1,996	12,440	12,440	12,440	12,440
Minority interest	0	0	0	0	0
Shareholders' equity	1,135	4,644	6,161	8,913	12,668

Key ratios					
Year ending June	FY25A	FY26A	FY27E	FY28E	FY29E
Growth (%YoY)					
Sales	21.0	83.2	103.4	61.8	25.0
Operating profit	46.8	379.0	241.7	80.6	36.3
EBITDA	190.7	1,145.3	162.3	70.4	33.7
Net profit	104.7	(26,876.4)	121.9	81.4	36.5
Core net profit	104.7	2,759.8	104.8	81.4	36.5
EPS	105	(25,082)	121.6	76.7	33.0
Core EPS	105	2,568	102.1	76.7	33.0
Profitability (%)					
Gross margin	28.0	41.7	48.9	50.7	52.0
Operation margin	(11.7)	17.8	29.9	33.3	36.4
EBITDA margin	3.9	26.6	34.4	36.2	38.7
Net margin	1.6	(230.1)	24.7	27.7	30.3
ROE	2.5	(240.0)	28.1	36.5	34.8
ROA	0.6	(120.3)	18.5	25.7	26.0
Stability					
Interest bearing debt/equity (x)	2.3	0.4	0.2	0.2	0.1
Net debt/equity (x)	1.8	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest & ST debt coverage (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow interest coverage (x)	0.1	(2.6)	0.3	0.6	0.9
Current ratio (x)	4.4	1.7	2.0	2.5	3.2
Quick ratio (x)	2.0	1.0	1.2	1.5	2.1
Net debt (USD m)	2,088	(372)	(620)	(1,909)	(4,394)
Activity					
Asset turnover (X)	0.17	0.27	0.65	1.36	2.97
Days receivables	55.5	63.0	63.0	63.0	63.0
Days inventory	144.8	143.6	143.6	143.6	143.6
Days payable	69.4	117.8	76.3	76.3	76.3
Cash cycle days	130.9	88.8	130.3	130.3	130.3

Profit & loss (USD m)					
Year ending June	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue	1,645	3,014	6,131	9,919	12,398
Cost of goods sold	(1,185)	(1,758)	(3,134)	(4,891)	(5,957)
Gross profit	460	1,256	2,997	5,028	6,441
Operating expenses	(652)	(720)	(1,165)	(1,720)	(1,932)
Operating profit	(192)	536	1,832	3,308	4,509
EBIT	(192)	536	1,832	3,308	4,509
Depreciation	(257)	(267)	(275)	(283)	(292)
EBITDA	64	803	2,107	3,591	4,801
Non-operating income	42	(7,687)	0	0	0
Other incomes	12	(11)	0	0	0
Other non-op income	30	(7,676)	0	0	0
Non-operating expense	(22)	(22)	(15)	(12)	(12)
Interest expense	(22)	(22)	(15)	(12)	(12)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	0	0	0	0	0
Pre-tax Profit	(172)	(7,173)	1,817	3,296	4,497
Extraordinary items					
Current taxation	198	238	(300)	(544)	(742)
Minorities	0	0	0	0	0
Net Profit	26	(6,935)	1,517	2,752	3,755
Core net profit	26	741	1,517	2,752	3,755
EPS (USD)	0.37	(92.96)	20.07	35.46	47.18
Core EPS (USD)	0.37	9.93	20.07	35.46	47.18

Cash flow (USD m)					
Year ending June	FY25A	FY26A	FY27E	FY28E	FY29E
Operating cash flow	161	(6,937)	885	2,163	3,488
Net profit	26	(6,935)	1,517	2,752	3,755
Depre. & amortization	257	267	275	283	292
Change in working capital	(122)	(269)	(907)	(872)	(559)
Others	0	0	0	0	0
Investment cash flow	(277)	(1,048)	(638)	(874)	(1,003)
Net CAPEX	(366)	(701)	(603)	(837)	(964)
Change in LT investment	0	0	0	0	0
Change in other assets	89	(347)	(35)	(36)	(38)
Free cash flow	(116)	(7,985)	247	1,289	2,486
Financing cash flow	200	9,507	(173)	(155)	(138)
Change in share capital	152	10,444	0	0	0
Change in net debt	49	(937)	(173)	(155)	(138)
Dividend paid	0	0	0	0	0
Others	0	0	0	0	0
Net cash flow	84	1,523	74	1,134	2,347
Per share (USD)					
EPS	0.37	(92.96)	20.07	35.46	47.18
Core EPS	0.37	9.93	20.07	35.46	47.18
CFPS	4.20	(96.64)	24.02	39.62	51.49
BVPS	16.86	67.30	82.59	116.36	161.18
Sales/share	24.44	43.68	82.19	129.49	157.74
EBITDA/share	0.96	11.64	28.24	46.88	61.08
DPS	0.00	0.00	0.00	0.00	0.00
Valuation					
P/E (x)	13.6	-	52.3	29.6	22.2
P/BV (x)	0.3	1.5	13.0	9.2	6.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	0.0

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.